



Notice to Shareholders of Annual General Meeting

The Annual Meeting of Shareholders will be held at the Royal York Hotel, in the Saskatchewan Room, 100 Front Street West, Toronto, Ontario, on Monday, the 29th day of March, 1971, at 10:00 o'clock in the morning. Shareholders are cordially invited to attend this meeting.

FINANCIAL HIGHLIGHTS

Years ended December 31

(thousands of dollars)

OPERATIONS

	1970	1969
Sales	6,740	\$ 6,118
Income before taxes	879	571
Income taxes	447	293
Net income	432*	278
Capital expenditures	655	127
Provision for depreciation	141	212

FINANCIAL POSITION

Working capital	897	711
Fixed assets — net	2,197	1,888
Long-term debt	964	954
Deferred income taxes	394	293
Shareholders' equity	1,770	1,419

PER SHARE

Net income	1.06*	.68
Dividends20	.15
Shareholders' equity	4.35	3.49
Shareholders' equity including fixed asset appraisal	9.19	8.14

STATISTICAL

Number of employees	218
Number of shareholders	549

*Includes extraordinary item of \$25,000 or \$.06 per share.

CONTENTS

	Page		Page
Notice of Annual Meeting	2	Consolidated Balance Sheet	10 & 11
Financial Highlights	3	Statement of Income and Retained Earnings	12
President's Report	4	Source and Application of Funds	13
Financial Summary	5	Notes to Consolidated Financial Statement	14
People and Operations	6 & 7	Directors and Officers	15
Company's Products	8		
Five Year Summary	9		

PRESIDENT'S REPORT

What's new? Our name, our image, new products, new printing line, record sales and record profits.

The Company made application for Supplementary Letters Patent in 1970 to change its name to Vulcan Industrial Packaging Limited. As a result, our new name was adopted as of October 1, 1970 and the ticker symbol for our shares which are listed on the Toronto Stock Exchange was changed to VIP as of that date.

In our Interim Reports for 1970, we have given progress reports on the construction and assembly of our second line printing press at the Metal Decorating Division. Installation ran behind schedule and was not completed until the end of November and the first runs were made on this equipment early in December. At the present time we are operating both printing lines on a two shift basis and no contributions to earnings from the new line was realized in 1970. It is hoped that the new equipment will contribute significantly to earnings in 1971.

SALES

Overall operations in 1970 were \$6,739,972 as compared to \$6,117,708 in 1969, an increase of 10.2 per cent.

NET PROFITS

1970 again showed gratifying results reflecting the general extension of our business and management's gradual implementation of its long term objective — plant automation, product diversification and maximum operating efficiencies. Net profit of \$407,096 (before extraordinary item and after taxes) compared with \$277,627 in 1969, reflects an increase of 46.6 per cent which was achieved despite the general slow-down in the Canadian economy.

EARNINGS PER SHARE

Earnings per share for the year 1970 amounted to \$1.00 per share as compared to \$0.68 per share for the year of 1969.

LABOUR RELATIONS

Effective November 1, 1970, a new two year collective agreement was signed with the Amalgamated Lithographers' Association covering our Metal Decorating employees. Collective agreement for our other employees with the United Steelworkers expires December 31, 1972.

OUTLOOK FOR 1971

During the past year we purchased three tin can lines and integrated these lines in our tin can division. This equipment has added a great degree of flexibility to our container operation. We have now been able to increase our product lines on the specialty tin cans and small lithographed tin cans. This added flexibility has allowed us to create a variety of new products. Some of these are: small food pails (3 to 10 lb. capacity), maple syrup cans, baking powder cans, putty pails, grease cans, gasoline containers, mod wastebaskets, children's sand pails, dipping baskets for parts cleaning and inner-compartment containers for two component products. A continuing new product development program coupled with our added line flexibility, will enable us to broaden our product diversification objective.

On behalf of the Board, I would like to thank all our employees for their loyal support and the contributions which they made in making 1970 such a successful year.



Norman E. Bernacker

President

FINANCIAL SUMMARY

	(thousands of dollars)				
	1970	1969	1968	1967	1966
OPERATIONS					
Sales	\$ 6,740	\$ 6,118	\$ 5,572	\$ 5,301	\$ 6,099
Income before income taxes	879	571	318	136	30
Income taxes	447	293	162	62	7
Net income	432*	278	156	74	23
FINANCIAL POSITION					
Working capital	897	711	586	534	531
Fixed assets — net	2,197	1,888	1,974	1,950	1,888
Other assets	34	67	99	101	47
	3,128	2,666	2,659	2,585	2,466
Long-term debt	964	954	1,122	1,239	1,207
Deferred income taxes	394	293	311	235	181
	1,358	1,247	1,433	1,474	1,388
Shareholders' equity	1,770	1,419	1,226	1,111	1,078
SOURCE AND APPLICATION OF FUNDS					
Net income before extraordinary item	407	278	156	74	23
Depreciation	141	212	197	179	170
Deferred income taxes	107	(19)	76	54	—
Operations	655	471	429	307	193
Proceeds from sale of fixed assets	225	—	—	—	—
	880	471	429	307	193
Capital expenditures — net	655	127	221	240	147
Long-term debt reduction	(47)	155	114	19	150
Dividends	81	61	41	41	41
Other	4	3	1	4	5
	693	346	377	304	343
Increase (decrease) in working capital	187	125	52	3	(150)
PER SHARE					
Net income	1.06*	.68	.38	.18	.06
Dividends20	.15	.10	.10	.10
Shareholders' equity	4.35	3.49	3.01	2.73	2.65
Shareholders' equity including fixed asset appraisal	9.19	8.14	7.66	—	—

*Includes extraordinary item of \$25,000 or \$.06 per share.



Vulcan Sales Manager, Norm Wrycraft and Tom Martin, Sales Supervisor, checking the fabrication of a tinplate pail.



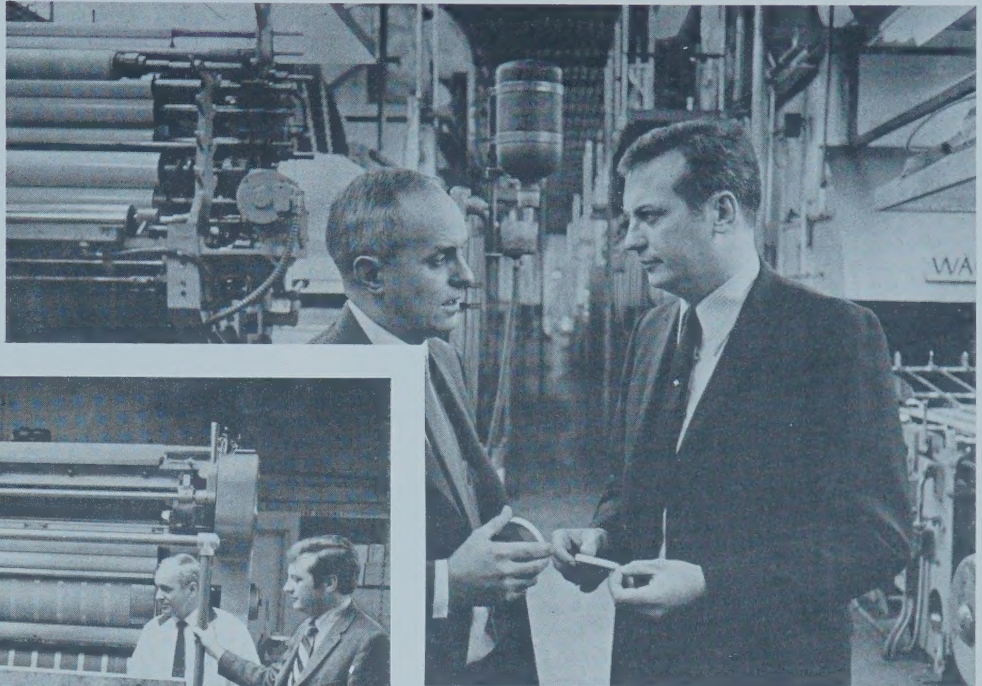
E. (Bud) Malone, Operations Manager, George R. Zies, Vice President of Manufacturing and Joe Borg, Assistant Foreman, checking new product progress on the tin can lines.



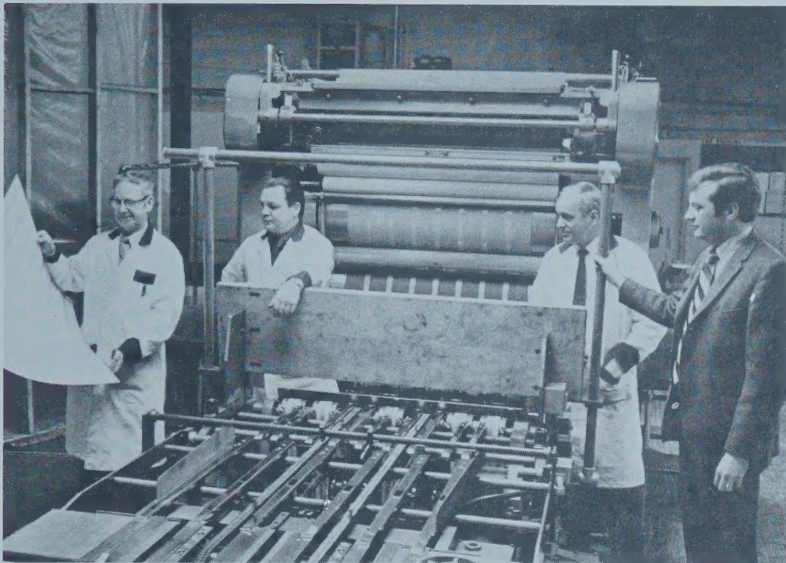
The Research & Development Team — Bill Sang, Manager of R & D, Ken McConnell, New Product Development and E. (Bud) Malone, Operations Manager.



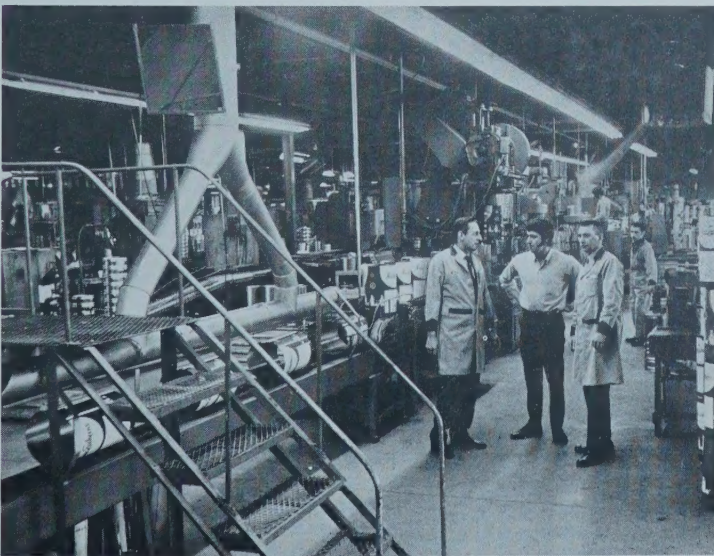
Patrick D'Cruze, Personnel Manager, and Plant Nurse, Mrs. M. Faye Tallon, comparing safety glasses.



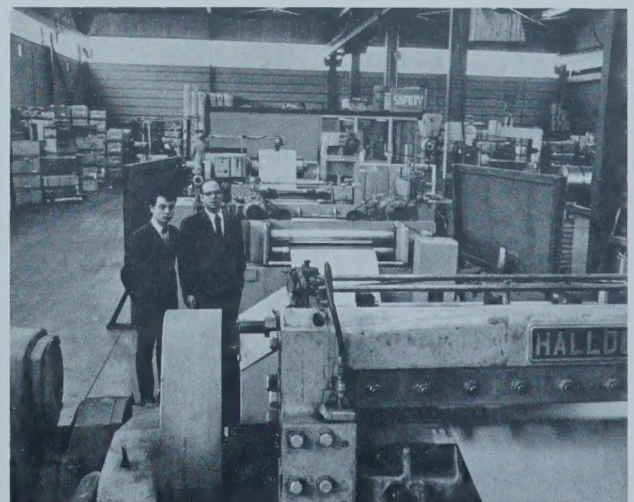
Metal Decorating Division — John Trumpler, Plant Superintendent and Alex Telfer, Sales Manager, shown with original printing and coating lines.



Metal Decorating Division — Joe Barker, Quality Control Supervisor, Pierre Roberge, Supervisory Pressman, John Trumpler, Plant Superintendent and Alex Telfer, Sales Manager, checking initial work on the new 'Crabtree' printing press.



E. (Bud) Malone, Operations Manager, Alex McConnell, Assistant Foreman and Robert Gale, Production Manager, at high speed automatic pail line.



Sam Calleja, Rexsteel Division Superintendent and Murray Haas, Purchasing Agent - Metal, at the 'Hallden' cut-to-length line.

SOME OF OUR PRODUCTS

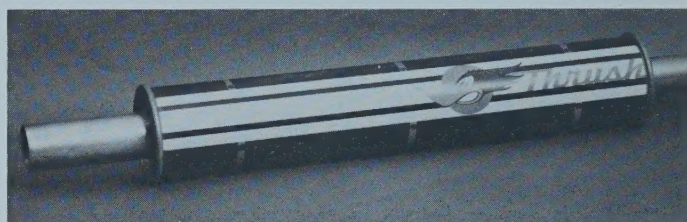
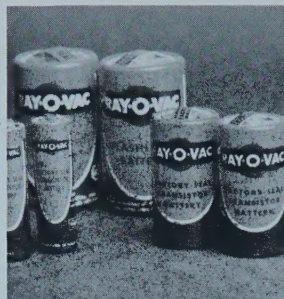


Steel pails from 2 to 8 gallon capacity and tin cans from 9 ounce to 300 ounce capacity, made up the majority of the units that were manufactured in our container plant during 1970.

The Company has now in operation, three steel pail lines and three tin can lines which are capable of producing a total of 38,000 units per 8 hour shift.

Most of our container business will continue to be in the regular steel pails and tin cans, however, the Company's Research and Development Department has actively been adding to our product line. Some of the new products are: small food pails (3 to 10 lb. capacity), maple syrup cans, baking powder cans, putty pails, grease cans, gasoline containers, mod wastebaskets, children's sand pails, dipping baskets for parts cleaning and inner-compartment containers for two component products.

Our list of customers continues to grow and some of our regulars are: from the Paint Industry — Canada Varnish, Canadian Pittsburgh Industries, Dupont, Glidden, International, Benjamin Moore, Northern, Phillips, Pierce & Stevens, Pratt & Lambert; from the Food Industry — Chocolate Products, Kraft, Joe Lowe, Wm. Neilson, E. D. Smith, Standard Brands; from the Chemical Industry — Allied, Chipman, Dow, Electric Reductions, Interprovincial, S. F. Lawrason, Lepage's, Lever Bros., Procter & Gamble, Standard; from the Petroleum Industry — Shell, Texaco, Texas Refinery, Sun, Gulf, Esso; as well as leading companies from the building, printing ink and various raw material producing industries.



Metal Decorating Limited has expanded its production capacity to keep pace with the ever-increasing offset printing on metal business.

The original printing equipment consisted of a 36" Hoe printing press, a 36" Wagner coater and a Wagner oven. The original coating equipment consisted of a 42" Wagner coater and a Wagner oven. Our productive capacity has now been doubled by the addition of a new printing line consisting of a 45" Crabtree printing press, a 45" Wagner coater and a Wagner oven.

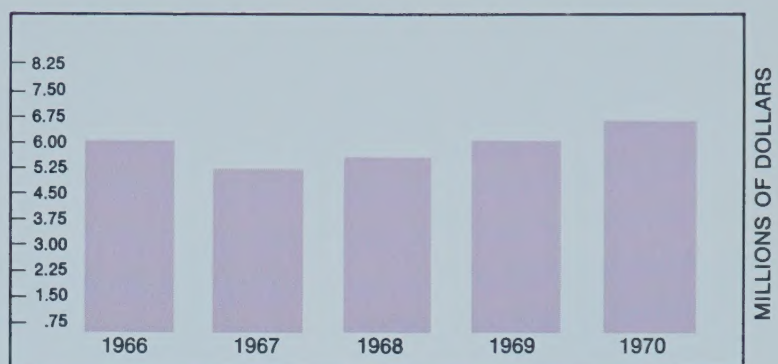
As it is done before fabricating, offset printing is superior to any other form of metal decorating. Once the metal sheets have been printed they can be blanked, folded, pierced, drawn and extruded.

As an additional convenience, Metal Decorating offers its customers a special package deal which includes supplying the metal, printing and slitting in preparation for fabricating.

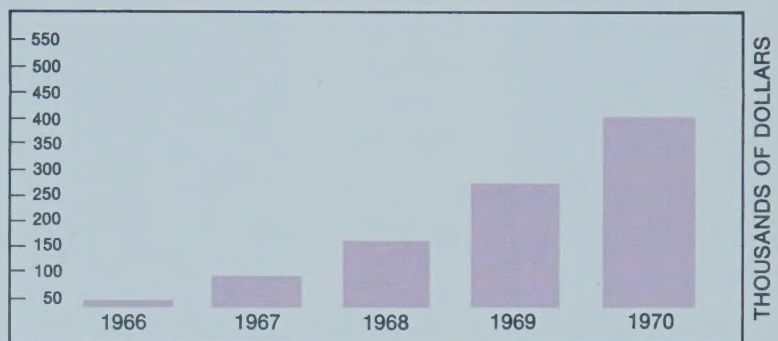
Traditionally, printing on metal is used extensively in packaging and the production of display material, but there are strong indications that a considerable increase in business will come from toy items, metal ends for fiber cans, metal closures, mufflers, metal furniture and even more from packaging. Some of our printing and coating customers are: Canada Packers Limited, Domtar Packaging Limited, Gidon Industries Limited, Industrial Containers Limited, Ker Mac Industries, Kraft Foods Limited, MacDonald Drums Manufacturing Corporation, Munro Games Limited, Nortex Products Company, Pano-Cap Company, Plymouth Tool & Stamping Limited, Ray-O-Vac Division, ESB Canada Limited, Schick Safety Razor Company, Signode Canada Limited, Stoffel Seals of Canada Limited.

FIVE YEAR SUMMARY

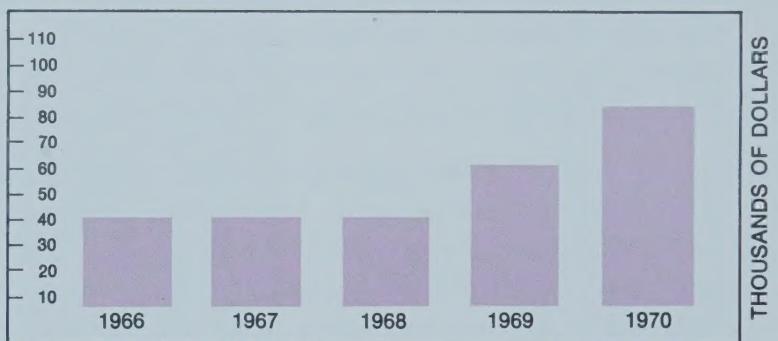
Sales



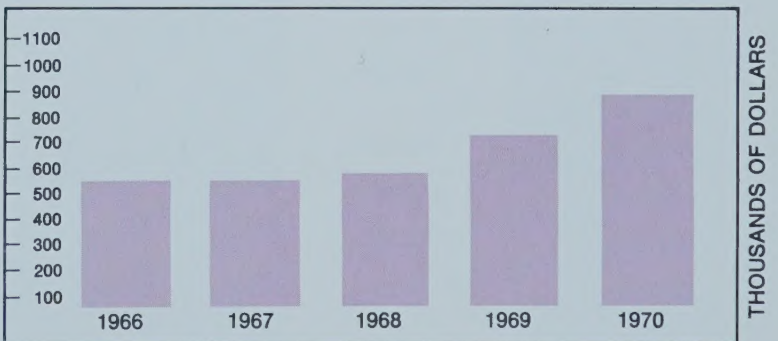
Net Income



Dividends

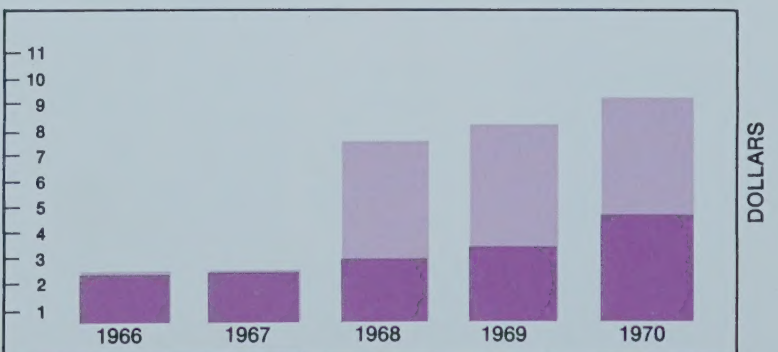


Working Capital



Shareholders' Equity

Including Fixed Asset Appraisal
Excluding Fixed Asset Appraisal



AUDITORS' REPORT

To the Shareholders of
Vulcan Industrial Packaging Limited

We have examined the consolidated balance sheet of Vulcan Industrial Packaging Limited and subsidiary companies as at December 31, 1970 and the consolidated statements of income and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1970 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the change, as set out in note 3, in the basis of computing depreciation with which change we concur.

Toronto, Canada
February 12, 1971

THORNE, GUNN, HELLIWELL & CHRISTENSON
Chartered Accountants

CONSOLIDATED BALANCE SHEET

December 31, 1970

(with comparative figures at December 31, 1969)

ASSETS

CURRENT ASSETS

	1970	1969
Cash	\$ 70,936	\$ 43,680
Accounts receivable	743,263	700,252
Inventories (note 2)	1,105,536	1,029,429
Prepaid expenses	75,827	75,053
	<u>1,995,562</u>	<u>1,848,414</u>

FIXED ASSETS (note 3)

Land, buildings, plant machinery and equipment, at cost	3,593,872	3,273,038
Less accumulated depreciation	1,397,350	1,384,666
	<u>2,196,522</u>	<u>1,888,372</u>

LIFE INSURANCE, cash surrender value	34,287	29,980
	<u>\$4,226,371</u>	<u>\$3,766,766</u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 829,493	\$ 750,111
Income and other taxes payable	58,179	223,094
Principal due within one year on long-term debt	210,499	164,233
	<u>1,098,171</u>	<u>1,137,438</u>

LONG-TERM DEBT

Bank loan, payable \$100,000 annually (note 4)	700,000	900,000
7% Mortgage payable, maturing December 1, 1974	32,732	39,640
Equipment leases payable (note 4)	442,040	141,960
	<u>1,174,772</u>	<u>1,081,600</u>
Less principal included in current liabilities	210,499	164,233
	<u>964,273</u>	<u>917,367</u>

DEFERRED INCOME TAXES (note 5)	393,500	292,600
--------------------------------------	---------	---------

SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized—1,000,000 common shares of no par value		
Issued — 406,710 shares	760,003	760,003

RETAINED EARNINGS	1,010,424	659,358
	<u>1,770,427</u>	<u>1,419,361</u>
	<u>\$4,226,371</u>	<u>\$3,766,766</u>

Approved by the Board

Norman G. Bernecker, Director

Albert J. Cavan, Director

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended December 31, 1970

(with comparative figures for 1969)

	1970	1969
SOURCE OF FUNDS		
Operations		
Income before extraordinary item	\$ 407,096	\$ 277,627
Items not involving current funds		
Depreciation	141,338	212,678
Deferred income taxes	106,900	(19,000)
	655,334	471,305
Increase in equipment leases, principal amount	408,869	13,090
Proceeds from sale of fixed assets	224,681	
Sundry		1,248
	<u>1,288,884</u>	<u>485,643</u>
APPLICATION OF FUNDS		
Additions to fixed assets	654,856	126,933
Reduction in non-current portion of long-term debt	361,964	169,601
Dividends	81,342	61,007
Increase in life insurance cash surrender value	4,307	3,202
	<u>1,102,469</u>	<u>360,743</u>
INCREASE IN WORKING CAPITAL	186,415	124,900
WORKING CAPITAL AT BEGINNING OF YEAR	710,976	586,076
WORKING CAPITAL AT END OF YEAR	<u>\$ 897,391</u>	<u>\$ 710,976</u>

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

Year Ended December 31, 1970

(with comparative figures for 1969)

	1970	1969
SALES	\$6,739,972	\$6,117,708
Expense		
Cost of sales and operating expenses exclusive of the following items	5,568,142	5,148,539
Officers' salaries	83,836	79,103
Depreciation (note 3)	141,338	212,678
Interest on long-term debt	92,060	106,761
	5,885,376	5,547,081
Income before income taxes and extraordinary item	854,596	570,627
Income taxes (note 5)		
Current	340,600	312,000
Deferred	106,900	(19,000)
	447,500	293,000
INCOME BEFORE EXTRAORDINARY ITEM	407,096	277,627
Net gain on sale of fixed assets, including deferred income taxes of \$6,000 on related losses	25,312	
NET INCOME FOR THE YEAR	432,408	277,627
Retained earnings at beginning of year	659,358	466,088
	1,091,766	743,715
Deduct		
Dividends	81,342	61,007
Reorganization expenses written off		23,350
	81,342	84,357
RETAINED EARNINGS AT END OF YEAR	\$1,010,424	\$ 659,358
EARNINGS PER SHARE		
Income before extraordinary item	\$1.00	\$.68
Extraordinary item06	
Net income for the year	\$1.06	\$.68
DIVIDENDS PER SHARE	\$.20	\$.15

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1970

1. CHANGE IN NAME AND SUBSIDIARY COMPANIES

During the year supplementary letters patent were issued changing the name of the company from Vulcan Containers (Canada) Limited to Vulcan Industrial Packaging Limited.

Included in the consolidation are the accounts of Vulcan Industrial Packaging Limited and its wholly owned subsidiaries, Metal Decorating Limited and Canshare Distributors Limited.

The charters of Metal Decorating Limited and Canshare Distributors Limited are in the process of being surrendered, as these operations are fully integrated divisions of Vulcan Industrial Packaging Limited.

2. INVENTORIES

	1970	1969
Raw materials	\$ 263,525	\$ 229,694
Work in process	595,774	503,310
Finished goods	246,237	296,425
	<u>\$1,105,536</u>	<u>\$1,029,429</u>

Raw materials and work in process are valued at the lower of cost and net realizable value and finished goods are valued at selling price less normal gross profit margins.

3. FIXED ASSETS

	1970		1969	
	Cost	Accumulated Depreciation	Net	Net
Land	\$ 92,046		\$ 92,046	\$ 105,000
Buildings	770,459	\$ 274,988	495,471	630,608
Plant machinery and equipment	2,731,367	1,122,362	1,609,005	1,152,764
	<u>\$3,593,872</u>	<u>\$1,397,350</u>	<u>\$2,196,522</u>	<u>\$1,888,372</u>

Depreciation for the 1969 and prior fiscal years was computed on a diminishing balance basis. For the year ended December 31, 1970, depreciation has been computed on a straight line basis based on estimated useful life. Net income for the 1970 fiscal year is approximately \$29,000 greater, and depreciation charged is approximately \$60,000 less than they would have been had the former basis been used.

An appraisal of buildings, plant machinery and equipment made on April 30, 1968 and updated to March 31, 1970 by General Appraisal Company shows that appraised values exceed depreciated costs of these assets at that date by \$1,967,892, a computed increase

in equity of \$4.84 per share. The appraisal does not include additions of \$620,767 since March 31, 1970 and land which has increased considerably in value. Plant machinery and equipment include assets under lease on which the company intends to exercise purchase options.

4. LONG-TERM DEBT

Bank loan — The bank loan is secured by a general assignment of book debts, an 8¼% demand first mortgage bond for \$1,000,000 (outstanding \$500,000 in 1970 and 1969) and an 8½% first floating charge debenture for \$400,000 (outstanding \$200,000, 1969 — \$400,000.)

The cash realized from the sale of the Vancouver plant was used to reduce the bank indebtedness from \$900,000 to \$700,000.

Equipment leases payable — The company has entered into lease agreements relating to certain items of plant machinery and equipment. As it is the company's intention at the expiration of the lease agreements at varying dates to 1978 to exercise purchase options for nominal consideration, the fixed assets have been capitalized in the company's accounts at the principal amount of the lease rental payments. The minimum annual payments required in each of the next five years on these leases (including finance charges) are as follows:

1971	\$155,639
1972	126,216
1973	96,633
1974	92,886
1975	91,637

5. DEFERRED INCOME TAXES

The company charges earnings with income taxes currently payable and also with income taxes deferred by following the practice of claiming maximum allowances in calculating income for tax purposes. The accumulated total of such income tax deferrals is reflected in the balance sheet as "Deferred income taxes."

6. DIRECTORS' REMUNERATION

Remuneration of directors including salaries, bonuses and directors' fees amounted to \$78,284.

7. COMPARATIVE FIGURES

Figures for 1969 have been reclassified on the basis of financial statement presentation adopted for 1970.

Directors and Officers

Directors

NORMAN GEORGE BERNECKER	<i>President, Vulcan Industrial Packaging Limited, Toronto</i>
ALBERT J. CAVAN, Q.C.	<i>Partner, Risk, Cavan, Garfield, Gardner & Loton, Toronto</i>
GEORGE C. VILIM	<i>President, Canavest House Limited, Toronto</i>
GEORGE R. ZIES	<i>Vice-President, Manufacturing and Secretary Vulcan Industrial Packaging Limited, Toronto</i>

Officers

NORMAN GEORGE BERNECKER	<i>President</i>
ALBERT J. CAVAN, Q.C.	<i>Vice-President</i>
GEORGE R. ZIES	<i>Vice-President, Manufacturing and Secretary</i>

List of Plants and Offices

Vulcan Industrial Packaging Limited
15 Bethridge Road, Rexdale, Ontario
Telephone: 743-8682

Vulcan Industrial Packaging Limited,
8400-124th Street, North Surrey, B.C.
Telephone: 594-0484

Vulcan Industrial Packaging Limited,
21 St. Joseph Street, Lachine, Quebec
Telephone: 487-5038

Metal Decorating Limited,
44 Bethridge Road, Rexdale, Ontario
Telephone: 743-4570

Rexsteel Division,
15 Bethridge Road, Rexdale, Ontario
Telephone: 743-7900

Canshare Distributors Limited,
44 Bethridge Road, Rexdale, Ontario
Telephone: 743-3400

Agents for Prairie Provinces:

Robinson & Webber Limited,
1569 Orange Street, Winnipeg, Manitoba
Telephone: 786-6873

Representing: Manitoba, Saskatchewan, Alberta

